



# K A N S A S

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**BULLETIN: 2007-KDCU-CUB-01**

**TO: Management of Kansas chartered credit unions**

**SUBJECT: Filing of the Internal Revenue Service Form 990**

The purpose of this bulletin is to provide information on the filing of the Internal Revenue Service (IRS) Form 990 for Kansas credit unions. Historically the Kansas Department of Credit Unions (KDCU) has filed a joint IRS Form 990 for all Kansas chartered credit unions. KDCU will file the joint return for 2006. When filed, KDCU will provide credit unions a copy of the Group Form 990.

Recently the issue of unrelated business income tax (UBIT) has become of interest to credit unions. State credit unions are tax exempt under §501(c)(14)(a) and are subject to tax on UBIT.

Early in 2007 the IRS issued its decision on the tax status of activities of credit unions in Alabama and Connecticut under audit through documents known as Technical Advice Memoranda (TAMs). TAMs are not public documents so their contents are not known publicly at this time.

A UBIT Steering Committee made up of AACUL, CUNA Mutual Group, CUNA and NASCUS has for the past several years actively engaged IRS in a discussion on UBIT. The Steering Committee has developed a strategy for addressing the UBIT issue that includes a three-tier approach of first seeking administrative remedies, secondly pursuing litigation and lastly, legislation. As a member of NASCUS, KDCU has actively followed these discussions.

Credit unions should also become informed about UBIT. Information is available from national credit union trade associations and their Kansas affiliates who are members of the UBIT Steering Committee.

Credit unions can also obtain advice from their external auditing firms. KDCU cannot provide accounting or legal advice regarding UBIT.

John P. Smith, Administrator

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